

HOW PROFESSIONAL MANAGERS/ADMINISTRATORS SAVE LOCAL GOVERNMENTS MONEY AND RESOURCES

Form of Government (FOG) Key: CM = Council-Manager, MC = Mayor-Council, CO = Commission Municipal Designation Key: C= City, V = Village, T = Town, Cn = County (2007 populations according to U.S. Census Bureau website as of November 2008)

Pop.	State	FOG	Mun.	Background/	Resulting Savings
(2007)			Design.	Description of Cost-Saving Activity(ies)	
1,000	MI	CM	V	 Applied for and was awarded a number of grants: Michigan Economic Development Corp. grant for arsenic treatment plant (\$150,000) Michigan State Housing Authority grant for façade improvements (\$72,000) Land Information Access Partnership for Change grant for master plan/zoning (\$25,000) Change in property and liability insurance In-house codification update 	 Grants: Totaled \$247,000 Insurance: \$7,000+ Codification: \$3,542
1,118	ME	CM	Т	 Approached by Maine Municipal Association, the State's largest insurer, to bid out town property and casualty insurance package. Town had a \$20,000 premium. After receiving approval from selectmen to put package out to bid and receiving competitive bid from MMA, existing carrier dropped 2006 premium by 24% to retain the town's business. 	Saved approximately \$4,800
1,821	IA	MC	С	 Recommended using diesel generation for electric system to serve as emergency backup and add options for wholesale power supply contract, which expired in December 2005. Council borrowed \$900,000 (10-year bond) for the electric generation system, with an annual debt service payment of \$115,000 per year including interest. Under a new agreement, the wholesale power supplier pays the City \$162,900 per year plus all operating expenses if supplier requires the City to run on diesel units. 	Over the 10-year life of the bond, the supplier pays off the City's debt for the generation units including interest, covers all operating expenses, and nets the City \$479,000 in revenues
2,324	AZ	СМ	Т	 Facing a 33% budget cut, Encouraged 3 employees to take early retirement in exchange for town-paid medical insurance for 2 of the 3 until age 65 Hired crew of 15-20 "minimum security" prisoners from nearby state prison at \$0.50/hour to pick up garbage and perform tasks for the Town Employee who was capable of running the Town's wastewater plant could not pass the state wastewater II test. Manager found an incarcerated wastewater III employee from California to train the town employee. By networking and retaining acquaintances with many people in state and federal government, manager kept updated on looming grant deadlines 	 Saved cost of 3 FTE salaries + benefits Cost for all 15-20 prisoners roughly equal to cost of one FTE with benefits Plant employee able to pass Wastewater II exam within a year and Town passed state inspection. Manager did not have to reduce services or layoff any employees Secured \$17 million U.S. Army Corps of Engineers flood control project.
2,501	IN	CM	Т	Replaced town's traditional 80/20 health care plan with Health Spending Account (HSA) plan	Saved \$30,000 in health insurance premiums in first year

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3,016	NC	CM	С	 City kept losing employees from six-person electric department to investor-owned electric utilities that paid higher Under manager's direction, city approached local electric co-op about performing system operation and maintenance. Co-op submitted best proposal in response to RFP, and city contracted with them for 5-year period in 2001, renewed in 2006 After a few of the existing department employees left or retired, the co-op hired the remainder as part of its agreement with the city. 	Estimated cost savings of approximately \$800,000 for the 5-year period included general system operation and maintenance, the cost of gaining high-level electric expertise, and the cost of not having to train new employees to replace those who left
3,081	MI	CM	С	Manager completed grant for façade improvements to the City's downtown; most of the grant work was performed outside the manager's regular 40-hour work week	Received total of \$357,000 in grant funds and donor support, half from federal grant and half from seven property owners who were committed to giving the City's historical properties a facelift
3,167	FL	CM	Т	 Manager learned that town officials, in effort to expand property tax base, had made written sewer service commitment to developers that were well beyond the 90,000 gpd treatment capacity of the town's existing wastewater facility. Additionally, town's utilities customers were already paying the debt service on USDA construction loans for the existing wastewater treatment plant. Town had no credit, general, or utilities fund reserves Manager asked developers to pay up front sewer connection (impact) fees that are normally paid by builders when they apply for a building permit to fund expansion of existing wastewater treatment plan from 90,000 gpd to 350,000 gpd capacity 	 Capacity increased in 2 years and yielded town an additional 260,000 gpd of unencumbered wastewater treatment capacity Customers avoided assuming an additional debt serve calculation in their utility rates
3,655	IA	CM	С	 Revamped health insurance program by rebalancing the partial self-funding with new plan design from vendor Spearheaded expansion of power plant to add generation 	 Health care: Produced more than \$30,000 in savings within first year Electricity: Reduced expected costs of electricity by more than \$450,000 per year in a five-year contract with comparable savings in future contracts
4,761	IL	СО	С	 Initiated refunding/refinancing or outright defeasances of debt Used timing techniques to achieve most efficient competitive bidding. Reviewed revenue-sharing interpretation contained in agreement between city and private party. Review revealed that agreement language had been misinterpreted and skewed formula applied to revenue-sharing base in favor of developer 	 Administrator's effort resulted in \$150,000 in long-term savings (net present value—\$10,000 more than his salary) By going to bid in late winter when contractors' calendars are clear rather than late spring, when many Illinois communities go to bid, contractors' calendars are full, and work becomes more expensive; administrator generated more bid responses at more competitive prices Three-year process resulted in \$6 million due to city

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5,414	OR	MC	С	 Analyzed city finances and conducted preliminary five-year projection, which led to reworked wastewater system development charges Recruiting effort to obtain state's 364-bed state's mental health facility in City through coordinated effort involving package of support documents and letters of interest from area stakeholders. 	 Wastewater: Resulted in two-fold increase in the SDC that was estimated to net the city more than \$1,000,000 over several years Mental health: Resulted in development of 1,500 jobs
9,325	IL	MC	С	Unlike elected officials, who though dedicated had "their own lives, jobs, and personal interests," professional administrator was able to applied for housing grants from the state, which once obtained, need the kind of constant attention and monitoring that only a full-time professional can provide.	Since their inception, grants have garnered approximately \$350,000 that the City is now able to invest into aging housing stock
9,599	NY	СМ	V	Professional manager noticed shortly after appointment that Rye Brook residents seemed to generate 1,500 pounds more garbage per capita than other parts of the County. Initiated investigation that revealed that hauler was dumping all private commercial accounts on village's account with the county solid waste department.	Had company indicted, rebid contract, received some restitution, and saved more than \$1 million in first few years of new contract
9,645	WI	СМ	С	 Manager completed audit of worker's compensation program Also changed City's medical insurance program from full-pay plan to partial self-funded plan 	 Workers' Comp: Realized more than \$10,000 in premium savings annually Medical: Resulted in more than \$145,000 in savings the first year of change and will continue to be an annual cost savings to community
12,572	СО	СО	Cn	When there was no professional manager in 2004 and 2005, county staffing increased 18%	Current manager has held FTE growth to 2%; other managers have held staffing increases at 4%
14,093	МО	СМ	С	 To address issue of general fund balance of less that \$53,000 that should have been more than \$700,000, manager consolidated two departments. Only job loss was through attrition. Important part of fund balance recovery involved monthly measuring of departmental expenditures, which requires strict budgetary discipline and routine monitoring of expenditures To combat rising health care costs, manager and HR department adopted 'self-insured' health plan policy and wellness program Also adopted self-insurance plan for dental program Eliminated longevity plan that rewarded years of service rather than performance and is now implementing a performance measurement incentive plan 	 General Fund: Department consolidation resulted in \$200,000 in annual savings and added to departmental efficiency. Other budgetary savings accounted for general fund balance of \$450,000 in first year, \$600,000 second year, and more than \$800,000 the third year Health care: Reduced City's share of costs from more than 85% to 69.50% (employees only) down to 64.50% (employees and dependants). Longevity: Savings in dollars and improved efficiency
14,879	OK	CM	С	Added power plant valued at \$35M, a major brand tissue manufacturing plant valued at more than \$500M, and a \$25M aquarium	Community's tax base increased by thousands of dollars

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22,303	IL	CM	V	Manager included productivity improvements and cost savings in annual budget document and routinely produced a brochure that documented several years' worth of these improvements and savings	Local government used these documents to educate residents about efforts to save them money
35,739	ОН	CM	С	Moved from traditional HMO health plan to high deductible Health Spending Account health plan. To initiate program and encourage employee support, city contributed \$3,000 of the \$4,000 family deductible and \$1,500 of the \$2,000 individual deductible to each HSA the first year. City's health care costs approximately \$4 million.	City saved \$200,000 on total health care cost of about \$4 million even with these significant contributions
23,610	AZ	СМ	Т	 Used number of intergovernmental agreements (IGAs) with other communities in area: Allowed Town use other community's court system Town very small at time and joined larger community's health care plan because coverage very expensive and hard to find Had IGA with another municipality to perform Town's real estate appraisals since Town did not have staff expertise. County sheriff performed law enforcement for Town by contract County Library System provided staffing to Town library and Town only had to provide building and maintenance on facility Town cooperated with County Parks Department to design park, partly on County land, which Town built Contracts with community to use its fire trucks for a monthly lease fee 	 Court: Allowed Town to save money than to set up own court system. Neighboring community charged on case-by-case basis Health: Employees reaped benefits of plan and Town only charged what it cost the other town and a small administrative fee Appraisal: Only had to pay cost of service for appraisal Fire: Leasing trucks cheaper than purchasing Town's own trucks.
45,606	WI	CE	Cn	 Administrator served as county representative to soon-to-be constructed justice center/jail To repair a dam damaged by spring thaw, which would have required the costly (\$25,000) transport of a crane from another part of the state, administrator suggested that county dam coordinator contact the justice center contractor since cranes would be on that job site. Also directed coordinator to contact county highway department about their ability to assist in the project. Administrator oversaw relocation of offices, cross-training of staff, and provision of back-up and support for all offices County performing more services with 25 less employees (only two were layoffs, remaining through attrition) 	 Justice center: Project came in \$700,000 under budget and on time; coordination of all aspects of project lead to successful transition to new facility with only one-third of expected staffing increase Dam: Highway Department performed all repair work on the dams and saved the county more than \$40,000 Employees: County is performing more services with 25 fewer employees, just under 10% of the total staff. Only 2 of those positions were lay offs; the rest were eliminated through attrition. At average of \$50,000 per position, the County is realizing savings of \$1,250,000 each year

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88,687	AZ	MC	С	 Teamed with school district to build swimming pool using city as general contractor Used sewer plant operations city employees' suggestions resulting in change in the bottom slope of treatment facilities Negotiated a new contract on an outsourced city-owned golf course 	 Pool: Saved 50% of costs; used pool as emergency water supply in event canal system failed, tripling water supply Facilities: Cost of monthly cleanup was 2 hours in comparison to the 7 days before change; \$50,000 cost had a payout in 18 months Golf course: Excised \$1 million contract over 20 years for new clubhouse and course improvements – elderly citizens objected to higher fees in past so no funds were ever available for improvements
604,330	MI	CO	Cn	While attending conference, administrator was able to connect with director of state Department of Corrections regarding a report citing the inadequacy of staffing at the county's facility and the need to hire additional 5 corrections officers. Director provided administrator with a contact that latter passed on to county sheriff. As a result, the state eventually agreed with the sheriff's assessment that the correctional facility's footprint and staff assignments did not require the additional personnel	Saved the County from hiring the 5 additional correctional officers, a total annual cost savings of \$350,000 plus.

In addition to the quantifiable data included in the chart above, ICMA also received a number of anecdotal examples of how employing a professional manager benefits a community, including:

- Facilitating peer-to-peer communication among appointed managers that have resulted in more cooperative, mutually beneficial projects (through service agreements related to information technology, property appraisals, and comprehensive planning) and thousands of dollars in savings for the local governments involved.
- Knowing how to maximize revenues, not just through taxes but through economic development, enterprise funds, and reimbursements for specialized services such as squad runs and personnel costs associated with special events.
- "Out tasking" of building maintenance services that a politically driven executive is unlikely to pursue in light of union resistance, "turf" concerns of line managers, and upfront costs associated with evaluating, contracting, and launching services.
- Gaining assess, as a member of ICMA, to a wealth of resources (e.g., leading practices, conference, workshops, publications), which gives the professional manager a "leg up" on individuals who are not ICMA members
- Producing significant savings as a result of systematic changes in the way services are provided to residents, such as putting in place professional purchasing systems and budget processes, focusing on day-to-day improvements, and cultivating an overall culture of efficiency and cost containment.

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